

Healthcare Reform Update

July 30, 2009

Greetings!

As Congress continues to develop a healthcare reform bill, I want to give you an update on the status of legislation in the House of Representatives and make you aware of some key issues.

As I continue to work with my colleagues on the House bill, the Senate is working to craft their own legislation. While neither body has passed a final bill, I anticipate these votes will occur in September, with the differences in the two bills being worked out in Conference before being sent to the President in the fall.

The House legislation as written today will ensure that 97% of all Americans will have coverage under a healthcare plan that is affordable and offers quality, standard benefits. It protects choice, it rewrites the rules of the insurance industry, it encourages competition with a public option, and it assists small businesses who are struggling to cover employees with an affordable plan.

Listed below are some of the bill's significant benefits for our Congressional District:

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Help for small businesses Under the legislation, small businesses with 25 employees or less and average wages of less than \$40,000 would qualify for tax credits of up to 50% of the cost of providing health insurance. There are up to 15,000 small businesses in our District that would qualify for these credits.

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Help for seniors with drug costs in the Part D "donut hole"
Each year, 2,700 seniors in our District hit the Medicare "donut hole" and are forced to pay the full amount of their drug costs, despite having Part D drug coverage. The legislation would provide them with immediate relief, cutting brand name drug costs in the donut hole by 50% and ultimately eliminating it.

Relieving the burden of uncompensated care for hospitals and healthcare providers

In 2008, healthcare providers in our District provided \$46 million worth of uncompensated care. This is care that was provided to individuals who lacked insurance coverage and were unable to pay their bills. Under the legislation, these costs of uncompensated care would be virtually eliminated.

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Coverage of the uninsured There are 49,000 (8%) uninsured individuals in our Congressional District. The Congressional Budget Office (CBO) estimates that nationwide, 97% of all Americans will have insurance coverage when the bill takes effect. If this benchmark is reached in our District, 29,000 people who currently do not have health insurance, will receive coverage.

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No deficit spending Under the legislation, the cost of healthcare reform is fully paid for. Half is paid for by making the Medicare and Medicaid programs more efficient, and half through a surtax on the income of the wealthiest households (\$350,000 or more.) 93% of taxpayers in our District would not be affected.

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Insurance Reforms The legislation bans insurance companies from discriminating against those with pre-existing conditions, and from dropping those who become ill.

The bill also contains an important provision for our District, especially Santa Cruz County where physicians who treat Medicare patients are severely underpaid. Due to outdated maps that classify Santa Cruz County as “rural”, doctors are reimbursed at a lower rate for performing the same services as their San Mateo and Santa Clara counterparts. The provision, known as the Geographical Price Cost Index or GPCI, remedies this error and will allow Santa Cruz physicians to receive proper reimbursement and once again accept Medicare patients.

I plan to offer an amendment to create a pathway for biosimilar drugs. Biosimilars are generic versions of biologic drugs, some of the most complicated, innovative, and life-saving drugs available. While these drugs have tremendous curative results, they are also very expensive. This provision will allow new generic versions to treat and save individuals, as well as saving the government billions of dollars and allowing innovation to flourish.

[Click here to see the most common questions about healthcare reform legislation I’ve received from my constituents and answers to them.](#)

If you have any thoughts or comments, please transmit them to me by email if possible. This will save time and your taxpayer dollars!

All my best,

Anna G. Eshoo

Member of Congress